# The Agricultural Situation

*A Brief Summary of Economic Conditions*

Issued Monthly by the Bureau of Agricultural Economics
United States Department of Agriculture

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## SPRING WORK SLOW—FARMERS SELLING MORE PRODUCE

Spring work has made rather checkered progress so far; things have moved slowly in the East because of rains and cold weather; the West generally needs more rain. In the plains region of western Kansas and Oklahoma drought conditions have again become serious enough to kill considerable winter wheat and force the moving of some livestock out of the region.

Spring wheat seeding has made a quite rapid advance in the North. Winter wheat shows fairly good growth through the Central and Eastern States but is in poor condition in the western part of the Wheat Belt proper, where it is too dry. Corn land is being fitted and some planting has proceeded up into southern Iowa. Cotton planting is well along throughout the eastern belt, but in western Texas, Oklahoma, and Arkansas the lack of rain has handicapped all spring planting.

Fruit and vegetable shipments from the South have been increasing as usual during the spring months. Prices generally are lower, except on old potatoes and southern tomatoes. These latter have been selling at about double last year's prices.

Livestock generally wintered in good condition and now is moving out to the pastures and ranges. Feed is none too plentiful in parts of the Southwest, especially in the drought region of the southwestern plains territory. Sheep shearing is well along.

The number of cattle on feed in the Corn Belt last month showed a 28 percent increase above the very small number of a year previous. Even with these 260,000 head more than last year, however, the number of cattle on feed this spring is still next to the smallest in more than 10 years. The indications from feeders are that this year they expect to market a considerably larger proportion of their cattle before July 1 than they did last year.

Weather and feed conditions have been unfavorable for early lambs, these last 2 months. Although range and pasture feed improved during April, the general condition of early lambs last month was below average and losses had been quite heavy. Losses of early pigs likewise were heavy.

This Bureau has compiled, within the last few days, the cash income received by farmers from products sold during the first 3 months of 1936. It amounted to $1,538,000,000 as compared with $1,281,000,000 in the first 3 months of last year, or an increase of 20 percent.

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If rental and benefit payments from the Government are added, amounting to $16,000,000 this quarter against $172,000,000 in the first quarter of last year, farmers' total cash income is 7 percent larger this year. The increased income this year is due to larger sales of products, prices of farm products having averaged slightly lower so far this year than last.

The number of farmer bankruptcies declined to 4,311 in the fiscal year ended June 30, 1935, as compared with 4,716 in the previous year, and 5,917 in 1933.

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## THE DOMESTIC DEMAND SITUATION

The various measures of domestic demand for farm products continue to show improvement and are in general at the highest levels in 5 years. Consequently, farm income is being sustained at about 20 percent above the 1935 level. The broadest measure of demand, the index of money income of consumers exclusive of farm income,[1] was 10 percent higher in March 1936 than in March 1935, 40 percent higher than in March 1933, but still 23 percent below March 1929. Factory pay rolls, which ordinarily represent about one-fifth of the total nonfarm working population, show a 7-percent increase between March 1935 and March 1936, but an increase of 104 percent between March 1933 and March 1936, and are still 32 percent below March 1929.

These advances in money incomes represent also improvement in the purchasing power of the average person not on farms, for retail prices of food and prices of other items of living costs are, in general, practically about the same as they were a year ago. In terms of food, the purchasing power of factory pay rolls per person employed advanced 5 percent compared with 8 percent since March 1933, and compared with that of the predepression period, 1924–29, it was 7 percent greater. For all nonfarm consumers, however, the average per capita income had a purchasing power in terms of food about 10 percent greater in March 1936 than in March 1935, 5 percent greater than in March 1933, but 5 percent less than in the predepression period. In exchange for the nonfood items in living costs, the income per capita of consumers not on farms has a purchasing power about 11 percent less than in the predepression period. This reflects the fact that while food prices have risen markedly from the extreme low levels of the depression, they are still about 7 percent lower than the cost of living other tnan foods when the 1924–29 period is taken as a basis for comparison.

Other indications of changes in domestic demand as well as the foregoing are given in the table. Industrial production, which is a basic factor in the demand for cotton and other farm products, was 7 percent greater in March 1936 than in March 1935 and 59 percent greater than in March 1933, but 20 percent below the average for the 1924–29 period. Production in factories, however, using chiefly agricultural raw materials was only 8 percent below the 1924–29 average, while production in factories using nonagricultural raw materials was still 27 percent below the predepression level. Improvement in the latter group of industries has been greater in recent months than in the agricultural group, the advance between March 1935 and

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[1] See April 1936 issue of The Agricultural Situation.

March 1936 being 12 percent, compared with 5 percent for factories processing agricultural products.

The demand for farm products growing out of the use of farm products in construction activity has improved much more than the demand growing out of industrial production, but this is an improvement from a much lower level. The value of residential construction contracts awarded was 57 percent greater in March 1936 than in March 1935, and the value of all construction contracts awarded was 80 percent greater; but in spite of this sharp advance, they are still, respectively, 75 and 61 percent below their 1924–29 levels. Employment in the production of construction materials advanced 16 percent during the last year, to a level 48 percent below that of the predepression period.

## MEASURES OF DOMESTIC DEMAND

1924–29=100

| | March | | | | Percent change | | |
|---|---|---|---|---|---|---|---|
| | 1929 | 1933 | 1935 | 1936 | 1935–36 | 1933–36 | 1929–36 |
| National income (excluding farm income): | | | | | | | |
| Total | 106.2 | 58.2 | 74.4 | 81.6 | +10 | +40 | −23 |
| Per capita | 101.6 | 54.2 | 68.6 | 74.9 | +9 | +38 | −26 |
| Factory pay rolls: | | | | | | | |
| Total | 106.3 | 35.3 | 67.4 | 72.1 | +7 | +104 | −32 |
| Per employed wage earner | 102.1 | 59.9 | 81.5 | 85.4 | +5 | +43 | −16 |
| Industrial production: | | | | | | | |
| Total | 110.0 | 55.0 | 82.0 | 87.6 | +7 | +59 | −20 |
| Factories processing farm products | 106.0 | 82.6 | 92.6 | 97.2 | +5 | +18 | −8 |
| Other factory production | 115.3 | 39.1 | 74.6 | 83.9 | +12 | +115 | −27 |
| Construction activity: | | | | | | | |
| Contracts awarded, total | 100.0 | 11.6 | 21.5 | 38.8 | +80 | +234 | −61 |
| Contracts awarded, residential | 90.4 | 7.2 | 14.3 | 22.4 | +52 | +57 | −75 |
| Employment in production of building materials | 94.7 | 30.3 | 42.1 | 48.9 | +16 | +61 | −48 |
| Cost of living: | | | | | | | |
| Food | 97.9 | 57.7 | 76.6 | 76.3 | 0 | +32 | −22 |
| "All other items" | 98.4 | 80.3 | 81.8 | 81.9 | 0 | +2 | −17 |
| Purchasing power of national income (excluding farm income) per capita: | | | | | | | |
| For food | 103.8 | 93.9 | 89.6 | 98.2 | +10 | +5 | −5 |
| For "all other items" | 103.3 | 67.3 | 83.9 | 91.5 | +9 | +36 | −11 |

NOTE.—(All indexes adjusted for seasonal variation except Cost of Living.)

Source of data:
1. National Income, AAA.
2. Factory Pay Rolls and Cost of Living derived from indexes of Bureau of Labor Statistics.
3. Industrial Production and Contracts Awarded derived from indexes of Federal Reserve Board.
4. Employment in Production of Building Materials derived from indexes of U. S. Treasury.

Farm income from the sale of products for the first 3 months of 1936 was $1,538,000,000, an increase of 20 percent above the income for the first quarter of 1935, exclusive of benefit payments. Farm income has advanced about twice as much during the last year, as did the income of consumers. This is due in part to the fact that farmers in general receive approximately half of the consumer's dollar spent for food, and therefore a 10 percent increase in consumer expenditures, if it all goes to the producer, means a 20 percent increase in receipts by farmers.

LOUIS H. BEAN,
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## THE LIVESTOCK SITUATION

The new grazing season usually has begun over all but the most northerly areas by the first of May, so that the end of April is a significant date to make an appraisal of the livestock situation. In the range areas, the period of losses due to shortage of feed and inclement weather is generally over by that date and the stockmen then know fairly well how their flocks and herds have come through to new grass and what the crops of lambs and calves are likely to be. In the farming areas the burden of chores is appreciably reduced as cattle, sheep, and sows are put on pastures and more time can be given to field work.

The winter season now ended was of a rather varied character over most of the important livestock regions. Hay and forage supplies at the beginning of the winter were generally ample as a result of the fairly large production in 1935. Livestock also entered the winter in good condition. Winter weather until the beginning of the new year was generally favorable, with no severe storms, and feed requirements were below average during the early winter.

Beginning about the middle of January a period of some 6 weeks set in that will go into the weather records as one of the most severe stretches of low temperatures ever experienced over a large part of the country. During that period most of the northern half of the country was well blanketed with snow, so that heavy feeding was necessary.

Following this severe cold came 3 weeks of mild weather in March, during which most of the snow disappeared and feed on ranges and in stalk fields again became available.

Another period of record low temperatures for the time of year came late in March and early April over a large part of the country. This required heavy feeding and was hard on stock that was in weakened condition and also checked the growth of new range feed and grain and other pastures.

In general, April was not a very favorable month for developing the pastures and ranges, it being too cool generally and too dry over large areas. On April 1, reported pasture condition was generally up to or above the average of the last 5 years, but below that of each of the preceding 8 years. Range condition in the 17 Western States, averaging 77 on April 1, was much above the low condition of 64 on April 1, 1935, but considerably below the 10-year average for that date. Precipitation was generally deficient over the whole

area west of the Mississippi River during April. Where the snow cover had been heavy, the soil moisture condition made possible a start of new grass, but where it had been light or lacking, as was the case over much of the area south of Iowa and Nebraska, new grass has made a poor start or has failed to start.

There is a large area including the so-called dust bowl and adjacent counties, some 70 in all, in Kansas, Oklahoma, Texas, Colorado, and New Mexico, where the situation at the end of April had become very serious, with supplies of old feed about exhausted, with new grass having made no start, and wheat fields largely dead. If rain does not come to this area by the middle of May a heavy movement of livestock out and of feed in will be necessary to prevent serious losses. These counties on January 1, 1935, had about 1,800,000 head of cattle and 267,000 head of horses and mules, and although numbers on January 1 this year were doubtless somewhat smaller, the total still remaining is such that the question of taking care of them, as well as of the farm families, may develop into a major drought relief problem.

The livestock markets during the first 4 months of 1935 were considerably different from a year earlier, with cattle prices much lower and hog, lamb, and calf prices higher. Slaughter supplies during the period were considerably larger than a year earlier. For the 3 months January to March, increases in the number of head slaughtered under Federal inspection amounted to about 12.5 percent in cattle, 1 percent in calves, 9.6 percent in hogs, and 9.7 percent in sheep and lambs. For April this year, slaughter of cattle, calves, and hogs will probably exceed that of April 1935, but lamb slaughter will be less. In addition to the increase in numbers slaughtered, the average live weights of cattle, hogs, and sheep slaughtered during the 3 months this year were heavier than last year.

The increased slaughter of cattle this year above last has resulted from the increase in the number of cattle fed in most feeding States and from the continuing heavy movement of cattle from the Southern States. The proportion of steers in the slaughter supply has shown a rather marked increase above a year ago, when it was unusually small. The Department estimated the number of cattle on feed in the Corn Belt States on April 1 as 28 percent larger than on April 1, 1935. This increase was equivalent to about 260,000 head. But excluding 1935, the estimated number on feed on April 1 this year in the Corn Belt was the smallest for that date in over 10 years. Because of the much higher costs of feeder cattle last fall and the lower prices of fed cattle during February, March, and April this year compared with last, and the generally poor gains of cattle in feed lots caused by the severe winter weather and poor quality of corn fed, cattle feeding operations have not been generally profitable so far this year. The results have been in sharp contrast to a year ago when profits from feeding were unusually large.

The higher market price of hogs during the first 4 months of this year compared with last, despite heavier slaughter, was a result of improved buying power and of the removal of the processing tax of $2.25 a hundred early in January. The cost of hogs to packers per hundred has been smaller this year than last, if to last year's price is added the amount of the processing tax. Although the very cold weather in January and February reduced the gains in weight from

corn fed and tended to delay the marketing of hogs during February, March, and April, the very high hog-corn ratio made returns from feeding quite favorable and encouraged feeders to keep their hogs even when gains were small. As a result, slaughter during May and June may be somewhat larger than it otherwise would have been and is expected to be substantially larger than last year.

Weather during the spring farrowing season this year was much less favorable than last year. Death losses of January and February pigs, which usually make up about 9 percent of the total yearly pig crop, are reported to have been unusually heavy. The very cold weather late in March and early April came in the midst of the heaviest farrowing period in the Corn Belt and death losses during this time are also reported to have been rather heavy. It is not unlikely that the smaller number of pigs saved per litter during the present spring farrowing season, compared with the spring season of 1935, may tend to offset in part the increase in the number of sows.

Lamb prices during the present fed lamb season have been somewhat higher than during the fed lamb season of 1934–35 and prices of grains and hay were considerably lower, but the advantage from these two factors was largely offset by the higher prices paid for feeder lambs. The present season will not be remembered as one of large profits, but on the other hand it will not go in the record as among those of large losses.

Stock sheep went into the winter of 1935–36 in much better condition than they did a year earlier, and feed and weather conditions during the breeding season at the end of 1935 were much more favorable than a year earlier.

Weather during January and February, when, except in California and Arizona, a large part of the early spring lambs are born, was generally unfavorable, and feed conditions in March and April were adverse to a favorable growth of early lambs. Losses of early lambs were reported as unusually heavy in most early lambing areas and the early lamb crop promises to be of rather poor quality. If weather conditions are favorable during May the percentage lamb crop in the late lambing areas of the western sheep States may be expected to be larger than last year and above the average of the last few years. The cold weather of late March and early April, coming in the midst of the main lambing period in the Corn Belt States, resulted in rather heavy losses while it lasted. Supplies of fed lambs at the end of April were doubtless smaller than a year earlier, but market supplies of sheep and lambs in May and June many be little different this year from last, with the decrease resulting from the smaller number and delayed movement of early lambs in some States offset by considerably heavier shipments of grass fat wethers and yearlings from Texas.

Summing up the situation, it appears that from the production standpoint conditions are better than a year ago but are none too favorable, with pastures and ranges more than usually dependent upon rainfall in May and June; from a supply standpoint, marketings and slaughter of cattle and calves will continue relatively large during the next few months, under normal conditions, and may be augmented by a forced movement of considerable volume out of the drought area; slaughter of hogs for the balance of 1936 will be much larger than for the corresponding period of 1935 but also much below average for the period; total marketings of sheep and lambs during the next few

months are not expected to be greatly different from a year ago, but the proportion of lambs may be somewhat smaller.

C. L. Harlan,
*Division of Crop and Livestock Estimates.*

## PRODUCE SHIPMENTS INCREASING

Fruit and vegetable shipments from the South have been increasing as usual during the spring months, but lighter supplies of old crop potatoes have kept the combined weekly carlot figures fairly close to those of last season.

The main price trend has been downward as compared with earlier months and many lines sell at one-fourth to one-half the wholesale quotations of a year ago. Chief exceptions are old crop potatoes and southern tomatoes, which have been selling at double last season's prices because of light holdings or supplies.

The season's generally lower price level was due mainly to some gains in production, but resulted partly from weather injury which brought down the average or quality and market value. The main early over-supply was in a few vegetables. Heavy arrivals of Texas spring cabbage, onions, and greens may have pleased the diet specialists who say we should eat plenty of bulky foods, but they often failed to profit the growers. Midseason shipments of these vegetables, except onions, seem likely to be moderate.

### LARGER SUPPLIES FOR MAY

Produce shipments usually increase 10 to 15 percent further during May as the crop season expands northward and new crop shipments gain rapidly, supplying three-fourths of the carload output. The month's shipments of fruits and vegetables were about 70,000 carloads in May last year.

Acreage gains of truck crops this year are partly offset by some poor yields. Remaining holdings of potatoes are lighter. Apple stocks in cold storage are heavier. The southern peach crop is delayed but shipments usually begin in May and become a big feature in June. Potato supplies are usually about half-and-half new and old stock and average somewhere near 20,000 cars. The proportion of new potatoes should be larger than usual because of light supplies of old stock and increased southern production.

Melons begin in May, but the Florida plantings were lighter this year and the same is true for western cantaloups. Melon supplies will be comparatively light until June. Melons are one of the few lines showing comparatively early shortage. Cabbage usually fills about 3,000 cars, strawberries 4,000 to 7,000, tomatoes and lettuce 4,000 each, beans 2,000, and apples more than 1,000. Onions will probably exceed 3,000 carloads if the markets will take them.

California peas will continue active but production is a little less this year and the southern crop, although late, is probably much larger than last season. The source of carlot spinach supplies shifts to the Norfolk district. The middle South probably will ship more than 2,000 cars of snap and lima beans from a 7 percent increased acreage. Canners are planning to increase plantings about 3 percent for peas and snap beans—two of the main canning crops.

Much of the early surplus of produce was from heavy Texas plantings. The second early and midseason production of truck crops seems likely to be less excessive. Persistent lateness of the southeastern season could hardly fail to bring heavy rail and motor truck movement in June. Southern potatoes and second early cabbage will be moving with a rush and berry shipments will be bunched together more than usual from many midseason producing sections. The growing condition of truck crops was reported mostly above average in the beginning of April, but future quantity and quality were affected somewhat by frost a little later in the month.

### FRUIT PROSPECTS BETTER

Early prospects, often deceptive, were for a better fruit year. The northern grower has some of his worries still to come. There was a heavy bloom of southern oranges and grapefruit. Southern peaches started fairly well but were cut to possibly below average in the middle South by April frosts. A good bloom of orchard fruit other than peaches was indicated in the North, although there was some tree and bud damage from winter-killing. Pacific coast prospects early in the season were only fair because of unfavorable winter and spring conditions.

### SPRING RISE IN POTATO MARKET

Potato holdings still seem likely to close out well. Stock in producing sections was reported the lightest in many years. There was apparently no important Canadian surplus and no excessive new-potato supply was expected through May. Old-crop shortage was greatest in the East. Maine holders, mostly growers, were supposed to have only 3,000 to 4,000 cars for May and early June shipment, hardly more than half the usual movement for those months. The quality was irregular because of early warm weather, which started many potatoes sprouting and should result in premiums on hard, sound old stock, which will be wanted as late as June in a few northern markets. New York and other Eastern States seemed to be about done and were looking to Maine and Michigan for part of the late supply. Most remaining stocks in late April were supposed to be in Maine, Idaho, and Minnesota, although North Dakota and a few other States were persistent late shippers.

Prices went up to more than $1.50 per 100 pounds by the carlot at Chicago. In late April Maine growers were getting more than $3 a barrel, while city markets quoted Maine Green Mountains at $2.35 to $2.50 per 100 pounds. Prices in eastern and midwestern producing sections ranged from $1.50 to above $2 for No. 1 sacked stock. New potatoes were coming faster from Florida and Texas and selling lower, under $2 per 50 pounds.

Shipments of old potatoes in May have ranged from 8,500 cars to nearly 13,000 during the last 6 years, and some less than 1,000 to nearly 5,000 in June. Heavy southern shipping sections in late spring are Florida, Texas, Louisiana, Mississippi, and South Carolina. Crops in these States were expected to yield well, although late. Shortage of old stock may be made up partly by greater activity of southern shipments. Demand and prices will affect the movement and sometimes a rising market leads to early digging and also a more thorough clean-up of the old crop.

The only recent season with May and June potato shipments below 40,000 cars was in 1933 when demand was at its lowest and prices stayed down. The low prices, rather than any shortage in holdings or production, was the cause of light shipments. Highest recent spring shipments were in 1929 and 1930 when a rather light crop was combined with a time of prosperity and unusually active consuming demand. This spring the demand for produce was not remarkably active, but seemed good enough to give some support to a moderately rising market

Features of the potato-shipment figures for the last season included the lighter-than-usual movement from two leading shipping States—Maine and Michigan—and from the Great Lakes region, the return of Colorado and Minnesota to fairly large carlot output, and the heavy movement from North Dakota and Nebraska, each exceeding 9,000 cars. Early movement from Florida and Texas was double the volume of a year ago.

### TOO MANY EARLY ONIONS

The first month of the early onion season turned out poorly against continued supplies of poor to fair old-crop onions and a large surplus in the South and Southwest. Prices went down to below 50 cents per 50 pounds in Texas. Old onions were selling anywhere from 25 cents to 50 cents per 50 pounds in midwestern markets and somewhat higher in some eastern market centers. Heavy supplies are likely to continue available until the early Texas and California onion seasons have passed their height.

Carrot holdings in western New York were still rather heavy in late spring and selling with difficulty against large supplies of western new-crop carrots. The soup manufacturers were taking many carlots at prices near $14 a ton.

The great increase of the green-pea crop in Florida and Texas worried the California pea growers, but they were expecting that the high market quality of the large, long-podded varieties grown would enable them to hold the rather satisfactory prices that have been the rule this season. Peas have been one of the few lines that have sold close to last season's prices.

### DRAGGY APPLE MARKETS

Apple holdings in cold storage turned out to be heavier than expected this spring. The purchase of hundreds of carloads for Federal relief purposes helped support the market position and a few best lots were selling a little higher in late spring. The general market trend has made a rather disappointing showing throughout the country. Most sales of fair-to-good fruit of leading eastern and midwestern varieties have been selling between 75 cents and $1.25 a bushel, with some extremes of 50 cents and $1.75, and best western box packs around $2. The fact that Canada's fairly large crop has been selling above the United States market level, suggested that British colonial-trade preferences have been at the bottom of the disappointing market here.

Shipments in late April continued quite heavy, approaching 1,000 cars weekly. The season's total was only 2,000 below that of last season and catching up rapidly. The season's feature in the West was the heavy output of apples from Idaho, placing the State next to

Washington's 25,000 carloads. In the East, Virginia increased 50 percent, approaching 10,000 carloads, or fully one-third of the combined eastern and midwestern shipments.

Supplies of early fruits are likely to be moderate from possibly less-than-average production of southern peaches, a 10 percent smaller acreage in early melons, a 16-percent cut in cantaloup acreage, a drop of 6 percent or more in production of second early strawberries, and some early frost injury to California fruits.

The citrus-fruit movement is likely to be about the same in May as in April, with more lemons, and not so many oranges and grapefruit. There were 15,000 to 16,000 cars of citrus fruits in May 1935, but shipments have been running lighter this season, in line with reduced production. The price trend was slightly downward in April, but the market level has been generally above that of last season.

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*Division of Economic Information.*

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## HEAVIER SUPPLIES IN DAIRY MARKETS

Some indications of this season's trends in dairy markets are beginning to appear. Production is showing seasonal increases and is much heavier than a year ago. It is too early for active storing, however, so that reserve supplies are still low. Prices of butter have been below those of a year ago since the first of the month, and the seasonal downward swing apparently has started.

One situation which is quite different from last year is the falling off of imports, since domestic prices are now unattractive to foreign producers. Movements of dairy products into channels of trade continue heavier than in 1935. Some weakness has developed recently in butter markets, which is not unusual prior to the arrival of flush production; except for this, markets generally have been steady.

### APRIL PRICES LOWER

Up to the latter part of March, butter prices this year were for the most part higher than those for corresponding periods in 1935. By April 1, however, a reduction of approximately 4 cents per pound existed, and at that time there was considerable speculation as to just what might be expected in the matter of future butter price changes. It may be recalled that in April last year butter prices took a decided swing upward, reaching the high point of the year during the second week of that month, after which there was a sharp break that continued throughout April and May.

Due to a temporary shortage of supplies and a fairly active demand, prices in the early part of April this year also began to decline, following very much the same trend as a year earlier, although at a lower level. The break in the current month's prices occurred on April 14, at which time 92-score butter at New York was quoted at 34 cents. At the present time (April 27) this grade is quoted at 29½ cents. The decline has not been so rapid as last year and at the moment prices are only 1 cent below those of 1935.

Market receivers have been willing sellers recently, because the seasonal pickup in market receipts and production is occurring and prices are at a level, in relation to expected prices later on, which is

likely to cause losses if goods are not moved promptly. The only indications of prospective price changes between now and June are prevailing prices of butter futures at Chicago. On a comparative basis, the closing prices of April and June fresh standards on April 24 were 27⅜ cents and 25¾ cents, respectively. A year ago the same options closed at 30¼ cents and 27½ cents, respectively. It is noted, however, that the actual average of 90-score centralized carlots at Chicago (fresh standards) in June last year was 23½ cents on the spot market. The June 1935 average price of 92-score butter at Chicago was 23½ cents and at New York was 24 cents.

Just what levels may be reached in June this year is at present a matter of conjecture, but from the foregoing it is evident that market dealers expect further declines before the summer season. Last week's purchases of butter at New York and Chicago by the Agricultural Adjustment Administration for relief purposes to the amount of approximately 5,500 tubs are of interest.

### NARROW RANGE IN BUTTER PRICES

One feature with respect to butter prices throughout the year has been the narrow range between under grades and the better qualities. This is said to have been due to extreme shortages of the lower grades that have been wanted by many buyers because of the possibility of moving such butter into retail channels at prices which, although only slightly lower than for the better grades, made retail prices somewhat more attractive to consumers. Current arrivals are beginning to include some butter having garlic flavor.

Foreign butter prices are now at a point which makes shipments to the United States unprofitable. New Zealand butter was quoted at 19½ cents in London on April 23, to which would have to be added the 14-cent import duty. Cheese prices have remained at a constant level throughout April and are about 2 cents below last year. Very few fluid milk price changes have occurred this month.

### MORE BUTTER PRODUCED THAN LAST SPRING

Estimates of production so far available apply to March, during which month butter production was 9 percent above last year and cheese production 22 percent greater. The making of comparisons with 1935, however, should take into account the relatively light production last year. The last U. S. Crop Report indicates a record increase in milk production per cow during March and points out the fact that during most of the year the cost of feed has been unusually low in comparison with prices farmers have received for dairy products. Estimated March production of creamery butter in Minnesota, as compared with March 1935, was an increase of 20 percent, and in Wisconsin and Iowa the percentage changes were 12 percent and 28 percent, respectively. These increases, along with substantial increases in other States, more than offset the decreases under last year that occurred in Kansas, Missouri, Ohio, and the Pacific Coast States.

All production areas showed increases in cheese production during March as compared with a year earlier.

For the first 3 months of the calendar year butter production is estimated to have exceeded that of 1935 by 18,700,000 pounds, or

5.9 percent, while the cheese production increase of 27,500,000 pounds was 27 percent above last year. Evaporated milk production in March was 2 percent greater than the corresponding month of 1935, but for the first quarter was 1 percent less. On a milk equivalent basis, March production of butter, cheese, and condensed and evaporated milk exceeded that of the previous year by 10 percent, and the calendar year change to April 1 was an increase of 8 percent.

### STOCKS OF BUTTER STILL LIGHT

The quantity of butter in cold storage on April 1 was 5,291,000 pounds, which is practically the same amount as a year earlier but less than half of the April 1 average during the period 1931–35, inclusive. This amount was of no significance from the standpoint of supply. The low point of storage stocks was apparently reached last week, at which time it is estimated the total stocks were less than 3,500,000 pounds.

As has been the case for the last 3 months, the quantity of American cheese in cold storage on the first of April exceeded that of a year ago and was considerably in excess of the April 1 5-year average, these stocks amounting to 62,265,000 pounds this year, compared with 54,769,000 pounds last year, and an average of 46,707,000 pounds. Evaporated milk stocks on April 1 of 42,597,000 pounds were, with the exception of last year, the lowest stocks on record since 1920, and compare with a 5-year average of 88,412,000 pounds.

One of the encouraging features of the current situation to dairy interests is the relatively active movement of dairy products into channels of trade. In March the trade output of butter, cheese, and condensed and evaporated milk exceeded that of a year earlier, and except in the case of evaporated milk such was true also of February.

L. M. Davis,
*Division of Dairy and Poultry Products.*

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## MORE CONFIDENCE IN EGG MARKETS

Egg markets in April reflected a greater degree of confidence in the spring outlook than was generally present in March. Prices on both spot and future trading staged a slow but gradual recovery from the lows reached a few weeks earlier. The volume of trade output at leading markets for April was said to be above that of a year earlier. As far as could be observed there was very little need for receivers to store for the purpose of avoiding a loss occasioned by prices at country points at time of shipment, being above quotations at terminal markets at time of arrival.

There has, in addition, been a marked absence, to date, of the ill-advised speculative storing that featured most of the spring of 1935. Storage commitments have been slow to expand, as operators attempted to size up the general situation so as to prevent a repetition of the unfortunate storage egg markets of last fall. Although in some quarters it was felt that prices in April were somewhat too high, particularly in relation to quality, to justify extensive storage commitments, nevertheless, the into-storage movement in April went forward at a conservative pace as receipts expanded and quality improved.

### SOMEWHAT MORE EGGS THIS SPRING

Receipts of eggs at the four markets of New York, Chicago, Philadelphia, and Boston during the first 3 weeks of April were around 10 percent larger than those of the corresponding 3 weeks of last year. This increase in supplies is the reflection of a heavier rate of production. Based upon reports made to the United States Crop Reporting Board, the total lay of eggs in April 1936, was approximately 4 percent larger than on the same date last year. Although prices were lower than a year earlier by 2 to 3 cents per dozen, the better feed situation made egg production more profitable.

Comments from various receivers indicate that the quality of eggs so far in April has been consistently lower than the quality usually associated with eggs produced in April. This has discouraged to some extent those operators who usually store the bulk of their eggs in April.

### STORAGE STOCKS OF EGGS SMALL

The into-storage movement of eggs during March was one of the smallest for that month for several years, the net increase in stocks from March 1 to April 1 amounting to 789,000 cases compared with 1,474,000 cases in March last year and 1,237,000 cases for the March 5-year average. Total stocks of shell eggs in storage on April 1, 1936, amounted to 802,000 cases compared with 1,508,000 cases on April 1, last year, and 1,428,000 cases for the April 1 5-year average.

Frozen eggs in storage on April 1, amounted to 45,907,000 pounds compared with 39,516,000 pounds on April 1, a year earlier, and 54,073,000 pounds for the 5-year average. Stocks of frozen eggs decreased slightly during March, in contrast with a small gain a year earlier and an average gain of around 2,000,000 pounds during March for the 5 years of 1931–35.

### APRIL EGG PRICES FIRM

Egg prices hardened moderately during April. Although there was some irregularity occasionally, at no time was there any special weakness and the price trend continued slightly upward. Middle western mixed colors at eastern markets advanced 1½ to 2 cents per dozen. Nearby Eastern Whites ½ to 1 cent per dozen, and Pacific Coast, ½ cent per dozen.

### GOVERNMENT PURCHASE OF EGGS

Of considerable interest in its implication was the recent announcement that the Federal Government would likely buy between 400,000 and 500,000 cases of eggs this spring and summer. Although the primary object of such purchases will be to supply eggs to those on relief, the authority therefor is found in the amended Agricultural Adjustment Act (Section 32 of Public 320) which provides for expanding the consumption of domestic agricultural products.

The actual volume of eggs purchased during the next few months will no doubt be determined largely by the trend of prices throughout this period, but the knowledge that the Government will be in the market to buy eggs for relief purposes during the spring and summer months will be an important factor in prices. It is not likely that the Government's buying program will result in prices that will either curtail current consumption or the flow of eggs into storage.

Purchases by the Government will not be restricted to any particular areas or markets; instead, every effort will be made to buy supplies as close as possible to points where needed.

### POULTRY MARKET SOMEWHAT HEAVY

The poultry markets in April were mostly irregular. A substantial increase occurred in the receipts of live fowls, heavy weights, and Rock broilers of the smaller sizes. Buyers failed to take the heavier offerings of fowls at the previously ruling prices, and quotations were lowered as some stock began to accumulate. Receipts of fresh-killed dressed fowls also showed some expansion, and prices declined as dealers met difficulty in keeping stock moving freely. Offerings of frozen fowls were not particularly heavy, but because of the situation in the live and fresh-killed dressed fowl markets, dealers found it impossible to move anything except at concessions, and quotations were adjusted accordingly.

The weakness in the live broiler market was largely a matter of sizes. Recent prices proving attractive, producers of early spring broilers began shipping before the most desirable weights had been attained, so that with too many light weight sizes available and a very small demand, prices slipped off rather sharply. On the other hand, the market on fresh-killed dressed and frozen broilers, weighing two pounds and over, hardened considerably, with prices in some cases advancing 2 to 3 cents a pound.

Receipts of fresh-killed dressed poultry during the first 3 weeks of April at the four markets previously mentioned were slightly in excess of the receipts of the corresponding 3 weeks last year. Reduction in stocks of frozen poultry in those cities during the same period was about one-third less. The increase in receipts, however, was not sufficient to offset the smaller reduction of storage stocks, so that the volume of fresh-killed dressed poultry and frozen poultry disappearing through trade channels was about 12 percent smaller than that of the first 3 weeks in April last year.

Stocks of frozen poultry in storage on April 1, 1936, amounted to 69,482,000 pounds, compared with 83,713,000 pounds on the same date last year, and 73,968,000 pounds for the April 1 5-year average. Although the reduction in stocks during March, this year, was smaller than that of March, last year, and also the 5-year average, the April 1 report was generally considered as assuring. Stocks of frozen broilers on April 1 were very light, fryers were smaller than a year earlier, but larger than the 5-year average, while roasters and fowls were both less than those of April 1, last year, or the 5-year average. Turkeys in storage were about 2,000,000 pounds smaller than a year earlier, but about 5,000,000 pounds in excess of the 5-year average for April 1.

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## FARMER BANKRUPTCIES SHOW DECLINE

Bankruptcies among farmers in the United States numbered 4,311 in the fiscal year ended June 30, 1935, as compared with 4,716 in 1934 and 5,917 cases concluded in 1933, according to an analysis by the Bureau of Agricultural Economics based on reports to the Attorney General. Farmer cases in 1935 constituted 7.7 percent of all cases as compared with 8 percent in 1934.

The greatest relative declines in farmer bankruptcies occurred in the New England and East North Central areas where the 1935 totals were 28 and 24 percent less than in 1934.

Only 15 States showed increases in number of farmer cases since 1934. Illinois again led all other States with 356 cases; Iowa followed with 332 cases; Ohio with 302.

In addition to the 4,311 farmer bankruptcy cases reported as concluded in 1935, there was a total of 5,979 cases of indebtedness which were the subject of composition or extension. The number of cases involved in composition or extension in 1935 thus far exceeds the total number of cases settled under regular bankruptcy procedure. Of this total, 8 cases were concluded under section 12, 5,961 cases concluded under section 75, and 10 cases under section 74 of the Bankruptcy Act as amended March 3, 1933, and subsequently. These cases represented instances in which debt-distressed farmers made use of the services provided through debt-conciliation commissioners in various counties throughout the country. When these composition cases are added to the number settled under regular bankruptcy proceedings the total of farmers' cases cared for under provisions of the act in 1935 was 10,290, as compared with 5,126 reported during the preceding year.

The decline of 8.6 percent in bankruptcies among farmers was a greater relative decline than for any other occupational group except merchants' cases which declined 31 percent from 1934 and manufacturers' which declined 27 percent.

Of the volume of farmer bankruptcy proceedings which showed assets concluded, during the fiscal year 1935, the amount of gross assets were distributed as follows:

| *Dollars* | *Number* |
|---|---|
| 1 to 250 | 770 |
| 251 to 500 | 251 |
| 501 to 1,500 | 377 |
| 1,501 to 5,000 | 243 |
| Over 5,000 | 116 |

The number of cases reporting no assets was 2,558 as compared with 2,872 in 1934.

The data for 1935 indicate, as in former years, that comparatively small numbers of farmers desire to use the bankruptcy provisions to which the law entitles them, but that there is an increasing use being made of the special facilities for composing obligations or for extending their terms on a basis which will permit the farmer to make eventual payment to creditors.

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## PRICES OF FARM PRODUCTS

Estimates of average prices received by producers at local farm markets based on reports to the division of crop and livestock estimates of this Bureau. Average of reports covering the United States weighted according to relative importance of district and States.

| Product | 5-year average, August 1909–July 1914 | April average, 1910–14 | April 1935 | March 1936 | April 1936 | Parity price, April 1936 |
|---|---|---|---|---|---|---|
| Cotton, per pound........cents.. | 12.4 | 12.4 | 11.7 | 10.9 | 11.2 | 15.5 |
| Corn, per bushel..........do.... | 64.2 | 63.4 | 85.2 | 56.4 | 57.2 | 80.2 |
| Wheat, per bushel..........do.... | 88.4 | 89.3 | 90.2 | 90.9 | 86.3 | 110.5 |
| Hay, per ton..........dollars.. | 11.87 | 12.16 | 13.67 | 7.45 | 7.35 | 14.84 |
| Potatoes, per bushel........cents.. | 69.7 | 68.8 | 49.1 | 72.3 | 81.1 | 86.5 |
| Oats, per bushel..........do.... | 39.9 | 40.9 | 53.5 | 26.7 | 25.4 | 49.9 |
| Beef cattle, per 100 pounds.dollars.. | 5.21 | 5.50 | 6.71 | 6.12 | 6.27 | 6.51 |
| Hogs, per 100 pounds........do.... | 7.22 | 7.59 | 7.88 | 9.17 | 9.38 | 9.02 |
| Chickens, per pound........cents.. | 11.4 | 11.8 | 15.5 | 16.6 | 16.9 | 14.2 |
| Eggs, per dozen..........do.... | 21.5 | 16.6 | 20.0 | 17.5 | 16.8 | [1] 19.5 |
| Butter, per pound..........do.... | 25.5 | 25.1 | 29.8 | 28.7 | 28.3 | [1] 31.7 |
| Butterfat, per pound........do.... | 26.3 | 25.9 | 33.8 | 31.7 | 31.2 | [1] 33.0 |
| Wool, per pound..........do.... | 17.6 | 18.0 | 16.2 | 26.5 | 26.2 | 22.0 |
| Veal calves, per 100 pounds.dollars.. | 6.75 | 6.76 | 7.17 | 7.55 | 7.57 | 8.44 |
| Lambs, per 100 pounds......do.... | 5.87 | 6.46 | 6.58 | 8.10 | 8.46 | 7.34 |
| Horses, each..........do.... | 136.60 | 140.40 | 90.90 | 98.20 | 101.00 | 170.80 |

[1] Adjusted for seasonality.

*Errata:* In the March issue, page 17, the figures in the above table for January apply to 1936 and not to 1935. Similarly, in the April issue, page 18, the figures for February apply to 1936 and not to 1935.

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